

Message Text

SECRET

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14

ACTION SS-25

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 674

S E C R E T CAIRO 2893

EXDIS

EO 11652: GDS

TAGS: ETRD, EAID, PFOR, EG

SUBJECT: ARAB BOYCOTT:AVOIDING POTENTIAL PROBLEMS

REF: STATE 49032

1. IN RESPONSE TO REQUEST OF GOE OFFICIALS TO DISCUSS THEIR CURRENT PROBLEMS WITH NON-ACCEPTANCE OF LETTERS OF CREDIT BY AMERICAN BANKS AND IN LIGHT OF DEPT GUIDANCE REFTEL, COML OFF ANDJACKSON HEARN OF USDOC/CAGNE MET MARCH 3 WITH SHUKRI EL-NAHAL. UNDERSECRETARY, MINISTRY OF TRADE. EL-NAHAL SAID THAT HIS OFFICE WAS TRYING TO WORK OUT LANGUAGE FOR INCLUSION IN L/C'S WHICH WOULD SPECIFY IN POSITIVE MANNER NATIONALITY OF COUNTRY OR ORIGIN WITHOUT MENTION OF "OUR NEIGHBOR." HE INDICATED THAT THEY PLANNED TO ASK CENTRAL BOYCOTT OFFICE TO PUT THIS ISSUE ON AGENDA OF BOYCOTT MEETING LATER THIS MONTH. FURTHERMORE, EGYPT PLANNED TO PROPOSE SPECIFIC LANGUAGE FOR ALL ARAB COUNTRIES TO INCLUDE IN L/C'S RELATING TO CERTIFICATES OF ORIGIN AND SHIPPING RESTRICTIONS.

2.COML OFFICE (PER INSTRUCTIONS) SUGGESTED THAT GOE HANDLE COMMERCIAL TRANSACTIONS UNDER PROCEDURES IDENTICAL TO THOSE FOR HANDLING AID TRANSACTIONS (I.E. ELIMINATION OF ALL BOYCOTT LANGUAGE.) SECRETARY DID NOT DIRECTLY RESPOND TO THIS SUGGESTION ALTHOUGH IT WAS RAISED SEVERAL TIMES.

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3. EL-NAHAL'S REQUEST IN SEPARATE CONTEXT TO SUPPLY
SPECIFIC LANGUAGE ACCEPTABLE TO USG WAS
DECLINED. UNDERSECRETARY WAS GIVEN COPY OF PRESIDENT
FORD'S NOBEMBER 20 STATEMENT AND COPY OF EXPORT
ADMINISTRATION BULLETIN NO. 149. AFTER BRIEFLY
EXAMING LATTER, HE INDICATED HIS FEELING THAT
IT WOULD BE HELPFUL TO GOE IN PREPARING THEIR PROPOSAL
FOR BOYCOTT CONFERENCE. AT THIS POINT, ONE OF EL-NAHAL'S
AIDES INDICATED IN ARABIC THAT "KUWAIT AND SAUDI ARABIA
WOULD BE AGAINST AMERICA (IN REMOVAL OF SPECIFIC
LANGUAGE RELATING TO ISRAEL)."

4. IN RESPONSE TO COML OFF QUERY, EL-NAHAL SAID THAT
THE FOLLOWING BANKS HAD REFUSED TO PROCESS NUMBEROUS
L/C'S FOR COMMERCIAL TRANSACTIONS:

BANKERS TRUST

CHASE MANHATTAN

AMERICAN EXPRESS

IRVING TRUST

MANUFACTURERS HANOVER TRUST

MARINE MIDLAND

MORGAN GUARANTEE

BANK OF AMERICA

5. CONCERNING FUTURE CONTACTS ON BOYCOTT MATTERS,
UNDERSECRETARY EXPRESSED HIS DESIRE FOR ADDITIONAL
EXCHANGES ON "THIS DIFFICULT SUBJECT." TONE OF ENTIRE
MEETING WAS FRIENDLY ALTHOUGH COML OFF WAS COMPELLED
AT SEVERAL POINTS TO STATE USG OPPOSITION TO BOYCOTTS
OF STATES FRIENDLY TO UNITED STATES. UNLESS INSTRUCTED
OTHERWISE, WE INTEND TO CONTINUE THIS DIALOGUE AS
APPROPRIATE OCCASIONS ARISE WITH MINISTRY OF TRADE.

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COML OFF GAINED IMPRESSION THAT EL-NAHAL MAY BE EXCELLENT
SOURCE OF INFORMATION ON ARAB BOYCOTT MEETING.

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NNN

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